



Department of Justice

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JUSTICE DEPARTMENT REQUIRES SBC AND BELL SOUTH TO DIVEST WIRELESS BUSINESSES IN ORDER TO PROCEED WITH COMBINATION

Divestitures in 16 markets Located in Three States

WASHINGTON, D.C. - The Justice Department today announced that it will require SBC Communications Inc. and BellSouth Corporation to sell wireless businesses in 16 markets, in order to resolve the Department's antitrust concerns about the combination of SBC's and BellSouth's domestic wireless assets included in their proposed joint venture. The divestitures would include the major metropolitan areas of Los Angeles, Indianapolis, New Orleans, and Baton Rouge.

The Department's Antitrust Division filed a lawsuit today in U.S. District Court in Washington, D.C. to block the proposed transaction. At the same time, the Department filed a consent decree that, if approved by the court, would resolve the lawsuit and the Department's competitive concerns.

"Today's action by the Department ensures that this joint venture will not reduce competition in these local markets," said Joel I. Klein, Assistant Attorney General of the Department's Antitrust Division. "Without the divestitures required by this Decree, wireless customers in 16 markets, large and small, would have had fewer choices and faced the risk of higher prices and lower quality service."

According to the Department's complaint, the SBC/BellSouth joint venture as originally proposed would have significantly increased concentration in 16 markets for wireless mobile telephone services, resulting in a loss of head-to-head competition between the wireless businesses of SBC and BellSouth in those markets. In addition, the Department said the original proposal would have created

higher prices, reduced quality and quantity of service, and led to fewer network improvements. The proposed consent decree will ensure that the joint venture will not increase concentration in any geographic market.

Under the terms of the consent decree, SBC and BellSouth are required to divest their interest in one of the two overlapping wireless businesses that they own either in whole or in part in the 16 affected markets, which have population of more than 20 million. These involve both Metropolitan Statistical Areas (MSA) and Rural Service Areas (RSA). MSAs are the 306 areas in the U.S. defined by the federal government that are used by the Federal Communications Commission (FCC) to license cellular systems in urban areas. RSAs are the 428 areas defined by the FCC that are used for licensing cellular systems in the rural regions of the U.S. outside the MSAs.

The areas affected by this settlement are nine MSAs in California (Los Angeles), Louisiana (New Orleans, Baton Rouge) and Indiana (Indianapolis, Anderson, Bloomington, Lafayette, Muncie, Terre Haute); three RSAs in Louisiana (Iberville, St. James, Plaquemines); and four RSAs in Indiana (Warren, Owen, Brown, Decatur).

SBC, headquartered in San Antonio, Texas, provides local telephone services in 13 states. With the exception of one of those states (Nevada), SBC also provides cellular mobile telephone services or other wireless mobile telephone services in those states as well as in some areas outside its local exchange service region, including the District of Columbia and areas within the states of Delaware, Hawaii, Kentucky, Louisiana, Maryland, Massachusetts, New Jersey, New York, Pennsylvania, Rhode Island, Virginia, and West Virginia. SBC is the nation's third largest wireless mobile telephone service provider, with approximately 11.2 million subscribers nationwide, and 1999 revenues in excess of \$49 billion.

BellSouth, headquartered in Atlanta, Georgia, provides local telephone service in nine states, and also provides cellular mobile telephone service in these states, as well as in some states outside its local exchange service region. In Los Angeles, BellSouth's cellular interests are held jointly with and offered by AT&T Wireless Services. BellSouth is a major wireless mobile telephone service provider, with approximately 5.6 million subscribers nationwide, and 1999 revenues in excess of \$25 billion.

As required by the Tunney Act, the proposed consent decree, along with the Department's Competitive Impact Statement, will be published in the Federal Register. Any person may submit written comments concerning the proposed decree during a 60-day comment period to: Donald J. Russell, Chief, Telecommunications Task Force, Antitrust Division, U.S. Department of Justice, 1401 H Street, N.W., Suite 8000, Washington, D.C. 20530. At the conclusion of the 60-day comment period, the Court may enter the final judgement upon a finding that it serves the public interest.

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